

dock, Mr. Ferguson, Mr. Andrews, Mr. Byrd, Mr. Shipstead, and Mr. Cordon.

The bill as enacted contained many provisions which originated in the minds of various persons and organizations. Many people worked for the enactment of the legislation. The RECORD shows that there was no organized opposition as evidenced by the fact that it passed the Senate by a vote of 55 to 0 and the House by a vote of 387 to 0. The people of this country approve the present pending bill by about that proportion now. Given a chance the people themselves would pass it now.

DEFENSE CUTBACKS HIT PROFESSIONALS

Mr. McGOVERN. Mr. President, *Business Week* magazine, in a recent issue, reported a sharp drop in jobs for engineers and scientists in the wake of defense cutbacks. Although the number of jobs eliminated was small—counted in the thousands—the significance of their loss was great. According to the *Business Week* editors:

After a lag, layoffs of engineers and scientists ordinarily are followed by layoffs in production departments. Supplies orders are canceled. The effects spread out.

The magazine pointed out that the cutbacks in employment tend to be concentrated in certain industries— aerospace, defense installations, and atomic energy—and in certain parts of the country—the Boston area, New York, Pennsylvania, parts of the Midwest, the Pacific Northwest, and California.

A decline in high skill employment has in the past been a prologue to major dips in the economy, according to the *Business Week* article. However, the outlook is for more large-scale layoffs among our highest skilled workers. The jobs of 2,000 persons are threatened at Hanford, Wash., when a scheduled shutdown of a nuclear reactor takes place next January. An additional 1,700 jobs in Hanford may be eliminated when General Electric relinquishes its contract there.

Both President Johnson and Secretary McNamara have promised further cutbacks in defense spending, as the need for additional weaponry declines and existing military installations and weapons production plants are no longer required. Unless we give serious thought now to ways to convert our present military productive capacity to the production of needed civilian goods and services, we will face a steadily worsening economic situation. Moreover, we will have forfeited the opportunity to turn a cutback in defense spending into a program for improving the lives of our people and the economic strength of our Nation.

I have a bill presently before the Commerce Committee, under the able chairmanship of the senior Senator from Washington [Mr. MAGNUSON], which would establish a National Economic Conversion Commission to plan for the orderly transfer of resources from defense into nondefense production. My bill, S. 2274, would also provide for studies by firms now receiving defense contracts of their civilian production

capabilities. Nine Senators have co-sponsored the bill, and 12 Congressmen have introduced identical bills in the House of Representatives. I have recently been to the west coast and New York and talked with business leaders and State officials, all of whom are deeply concerned with this problem. Expressions of interest in my bill have come from all parts of the country and from many different economic groups.

Secretary McNamara recently told the House Armed Services Committee that:

The Defense Department cannot and should not assume responsibility for creating a level of demand adequate to keep the economy healthy and growing. Nor should it, in developing its programs, depart from the strictest standards of military need and operating efficiency in order to aid an economically distressed company or community.

I believe the Secretary's position on that point is unassailable. His proper concern is to run a trim and effective fighting force. Unless our Government is concerned with the economic impact of defense cutbacks, however, we may see the dream of an end to the arms race turn into a nightmare of economic dislocation and unemployment. S. 2274 would create a governmental body to deal with this growing problem, and I hope that Senators on both sides of the aisle will recognize the need for prompt legislative action.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article from *Business Week* magazine to which I referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEFENSE CUTBACKS HIT PROFESSIONALS—IT'S THE FOURTH PERIOD OF SHRINKING DEMAND FOR ENGINEERS AND SCIENTISTS IN 15 YEARS: EARLIER ONES HERALDED BAD NEWS FOR THE ECONOMY

Industry's demands for engineers and scientists dipped sharply during the past 7 months. Jobs became harder to find—and to hold. Layoffs spread in the wake of defense cutbacks.

The number of jobs eliminated—in the thousands—were minuscule when compared with total employment. But public manpower experts and union officials were nonetheless concerned. Three times before in a decade and a half, similar cutbacks in technical employment were followed in 8 months or less by dips in the economy.

After a lag, layoffs of engineers and scientists ordinarily are followed by layoffs in production departments. Supplies orders are canceled. The effects spread out.

THE PATTERN

The profile of the present drop in demand for engineers and scientists is shown graphically by a demand index prepared by Deutsch & Shea, Inc., a manpower communications firm. The index is based on technical recruitment advertising in 21 major market areas. December's figure of 65.2 (1961=100.0) was the lowest point since the index was begun in July 1960 (chart), and compared with 97.3 in the same month of 1962 and 100.8 in December 1961.

The index readings throughout 1963 were lower than in the preceding year, but Arnold R. Deutsch, president of Deutsch & Shea, is particular concerned about what has been happening since last May. The index since mid-1963 has been a succession of "sharp danger signals for the economy," according to Deutsch. He sees no present indication that the trend will be reversed.

On a basis of past patterns, this could mean serious troubles for the economy in mid-1964, but, this being an election year, the troubles probably will be averted—or at least delayed. Even so, while the economy may not suffer, engineers and scientists are expected to feel an unaccustomed hurt in a continuing downturn of job opportunities.

WHERE IT HURTS

Many in the Boston area, with clusters of electronics plants and research centers, are suffering now. So are others in New York and Pennsylvania defense plants. Many in the Midwest are affected and the blow has crossed the country to big installations in the Pacific Northwest and in California.

Cutbacks at Boeing Co. as a result of the Dyna-Soar cancellation are the deepest over a short period since the end of World War II. The newest cutbacks are on the heels of a substantial decline due to other defense program economies. Boeing—and the Seattle area—is suffering the consequences.

UNMANNED DESKS

Among engineers, layoffs now total a few more than 500, a smaller number than first anticipated. Boeing, like every other employer depending on research and development contracts, is inclined to hold onto as many engineers as possible. A visitor to a Boeing engineering department last week saw areas of unmanned desks and drawing boards—but also large numbers of engineers assigned to "reading up" in their technical journals.

GRADUAL CUTBACK

In the same area, operations of the Hanford scientific laboratory face a gradual curtailment, as General Electric Co. relinquishes its contract there. Up to 1,700 engineers and scientists could be affected, but the Atomic Energy Commission hopes to bring in a new contractor. Meanwhile, shutdown of one reactor at Hanford next January will end 2,000 high-skilled jobs.

Down the Pacific coast, engineers and scientists are being let out in aerospace and other plants and development projects. There's more unemployment in engineering ranks in California than there has been for some time. On balance, the figures aren't serious yet—but they are being watched with growing worry.

In San Francisco, Government defense cutbacks have contributed to a sharp decline in the electronics industry, reversing a 13-year boom. Layoffs have been mounting among skilled technical staffs. An employer said a week ago that the situation is expected to "get worse still" in 1964 unless Government business picks up.

BRIGHTER SPOTS

Cutbacks have spread in the Los Angeles area, too, but with silver linings in the dark clouds, according to some recruiting officers. One said he had been unable to hire enough engineers before to fill a quota set for him; now he can hire as many as he needs and get better ones. Others agreed that "pseudo-engineers" hired and tolerated before can now be weeded out and replaced with "engineers mated to specific assignments."

The cutbacks haven't hit as hard yet in the Southeast and Southwest. But in the Cape Kennedy, Fla., area there is talk of "a definite slowdown of any influx of new people into the Cape—they won't be needed."

PREDICTIONS

From an industry standpoint, current defense cutbacks are in three areas: aerospace, defense installations, and atomic energy. According to the Defense Department, there's some doubt about total job losses: Job shifts are more likely—as one firm loses its missile, another picks up a new contract.

According to the Aerospace Industries Association of America, employment in the industry in 1964 is expected to be higher than

in 1963—more than 1,300,000 as compared with 1,280,000 in 1962 and 1,150,000 in 1961.

The decision to discontinue plutonium production is expected to eliminate 3,400 jobs in 2 years.

The shutdown or reduction of activities at 38 defense installations (including 26 in the United States) will cost 8,500 civilian jobs and about 8,000 service jobs by mid-1967.

UNIONS' MESSAGE

Unions are urging reconsideration of the orders for a leveling-off of Government spending. The timing is wrong, they say: any further retarding of the national economy could be dangerous.

Longer range, Deutsch says, the market for engineers will firm up again—1963-64 may prove to be only a pause for assimilation of immense strides being made in technology.

U.S. ACTIONS ON CUBA

Mr. McGOVERN. Mr. President, almost 1 year ago, in my first speech in this Chamber, I warned of the dangers of excessive preoccupation with the antics of Castro. I would like to quote a paragraph from that speech today, which I think is still timely:

I am constrained to speak out, against what seems to me to be a dangerous fixation on Castro that is not worthy of this great Nation. I submit that we have become so involved in charges and countercharges about our Cuban policy that we have come close to losing sight of the real interests of the Nation in the hemisphere. We have ignored the Biblical warning against straining at a gnat and swallowing a camel.

In that speech I also expressed the opinion that the hysteria over Cuba manifested in some Government quarters was not shared by the vast majority of the American people. Most Americans know, as do our more practical-minded policy planners, that Castroism is a symptom, not the cause, of the basic ills of Latin America.

It was particularly disheartening, therefore, to read recently that the United States was cutting off military aid to five nations—including Britain and France—as punishment for their continued trade with Cuba. The whole cutback amounts to less than half a million dollars for the five countries together, and it is absurd to think that our action will have any helpful effect on our foreign policy. The only result is to demonstrate once again—undoubtedly to the delight of Castro and his Communist allies—that our preoccupation with that tiny island continues to cause us to take inane and ineffective action.

Mr. President, next to the story on the cutback of military aid to our allies in yesterday's New York Times there was a stimulating analysis by Max Frankel, entitled "Confusion on Cuba." The sub-head states the difficulty precisely: "United States, Reacting to Pressures, Finds Policies Worry Allies and Aid Castro."

I ask unanimous consent that the Times article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 19, 1964]
CONFUSION ON CUBA—UNITED STATES, REACTING TO PRESSURES, FINDS POLICIES WORRY ALLIES AND AID CASTRO

(By Max Frankel)

WASHINGTON, February 18.—Cuba is again causing more confusion than concern here. Once again, just as an administration seemed ready to live with the frustration of Premier Fidel Castro's survival, it has stumbled into a series of moves that merely advertise the frustration and greatly disturb its friends abroad. In calmer moments, officials here readily acknowledge that Premier Castro and Castroism thrive on public demonstrations of Yankee belligerence and impotence. Yet circumstances and the real or imagined pressures of Congress and the voters keep conspiring to give the Cuban leader the headlines and the United States merely more headaches.

In the last 2 weeks alone, the Cuban problem has provoked the administration into a number of statements and motions that it came to regret. Taken together, they suggest an extraordinary sensitivity that does not in fact correspond to basic policy judgments.

Soviet troops continue their gradual exodus from the island. U.S. reconnaissance planes continue their daily flights unmolested. Havana has not seriously molested the Guantanamo Naval Base. The rest of Latin America has shown cooperation to limit the movement of agents and propagandists from the island.

TRADE EMBARGO FAILS

The only major annoyance has been the continuing failure of the U.S.-sponsored trade embargo. This has become more evident as Cuba acquired more foreign exchange from sugar sales. But there was never any doubt that the Western allies would refuse to prohibit nonstrategic trade with the island. In fact, administration officials have themselves pointed to the relatively small volume of that trade and minimized its value to Havana.

Yet when the Coast Guard seized four Cuban fishing boats in Florida waters and Cuba retaliated by temporarily shutting off the flow of water to the Guantanamo Naval Base, Washington bristled. For 24 hours, it imagined a crisis, began to ship its own water and threatened to dismiss 2,500 Cuban workers at the base.

That reaction served primarily to remind the British and other allies that Washington was willing to buy water and labor from Havana to suit its convenience. The crisis finally blew over and fewer than 800 base workers were actually discharged. But then the administration announced the gradual withdrawal of wives and children from Guantanamo, as though to concede the base's vulnerability.

Last week, President Johnson and others again urged Britain's Prime Minister, Sir Alec Douglas-Home, to restrain trade with Cuba. They dwelt only briefly on the subject and did not expect to alter British views, but there was so much talk here about the Cuban trade that newspapers gave the impression it had dominated the conference.

Simultaneously, officials began to spread the word that they planned to get tough with uncooperative allies. There were hints of formal sanctions, but finally Secretary of State Dean Rusk explained that he meant only to warn foreign traders of possible "consumer reaction" in the United States.

That barely disguised invitation to private boycotts contradicted the deep-seated belief of the Secretary and the administration that foreign policy was the business of the Government, not of private citizens. They had

worked hard to end private boycotts of Polish hams and Yugoslav wood products last year. Only this week, they were working hard to prevent the seamen's unions from blocking wheat shipments to the Soviet Union.

EXPLANATIONS BARRED

The accumulated embarrassments apparently stung the State Department. In announcing today the cutoff of aid to 5 of 19 nations that take part in Cuban trade, it barred all questions and refused any explanation. It did not wish to be forced to say why some countries, such as Greece, were given the benefit of a vague phrase of extenuation in the Foreign Aid Act, while others, such as Spain and Morocco, were not.

Nor, apparently, did the State Department wish to explain that its grand gesture against Britain, France, and Yugoslavia amounted to the cancellation of only \$100,000 in aid to each. For most of the day, therefore, reports of a multimillion dollar sanction went forth from the Capital.

Only a few months ago, the administration was vehement in its pressure to prevent Congress from "legislating foreign policy" in the foreign aid bill. Accordingly, it obtained an escape clause for every prescribed sanction in the law. No one would say today whether the administration was yielding to Congress after all, or whether it agreed with Congress in this case, or what this latest anti-Cuba measure could be reasonably expected to achieve.

Mr. McGOVERN. Mr. President, the reaction in Europe was swift and predictable. The Washington Post yesterday wrapped it up well, and I ask unanimous consent that the Post article, entitled, "British Feel More Sadness Than Anger at Aid Cut," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITISH FEEL MORE SADNESS THAN ANGER AT AID CUT

LONDON, February 19.—Britain reacted more in sadness than in anger today at the formal end of U.S. aid in retaliation for trade with Cuba.

For the British, it was only a matter of \$7,400 and officials went out of their way to acknowledge that the U.S. Government had no choice because of legislation.

But there were warnings of a serious Anglo-American quarrel if suggestions for an unofficial American boycott of British goods are carried out.

There are no differences of opinion on the subject here. The most anyone has had to say for the American decision came from Prime Minister Douglas Home, who pointed out it was not President Johnson's doing and that he also was not responsible for the maritime union's stand on shipping.

On the aid cut, the Daily Telegraph sounded the dominant tone, saying that for Britain "the move amounted to no more than a rather undignified end to one of the historic postwar arrangements between the two countries."

It recalled that in the early postwar years, Britain received nearly \$10 billion of economic and military aid from the United States.

The Times of London pointed out that President Kennedy had opposed the legislation requiring the aid cutoff, and said the administration is "leaning over backward to lessen any harm the new measure may do."

Sir William Black, chairman of Leyland Motors which has the contract for selling buses to Cuba, told a news conference that

"we hope the well-informed public opinion in America will be sensible and broadminded enough to take this at its true value. I think the American people will show a sense of proportion is this."

Elsewhere there were angry comments about Secretary of State Dean Rusk's statement that the public might boycott Leyland's Triumph cars. Rusk's remarks were taken as an official hint to U.S. consumers, not as a warning.

"If America has a surplus of wheat," said Black, "we have a surplus of buses," adding that Leyland's will fulfill the option to sell another 1,000 buses to Cuba if Havana takes it up.

The chairman of the company went on to say that Japan, France, Germany, Italy, Spain, and Czechoslovakia had also bid for the bus contract which Leyland won.

"Why is it worse for us to tender and be successful than for the others to tender and be unsuccessful?" he said.

The sharpest public comment against the U.S. move came from the *Guardian*. In an editorial headed "Petty Spite in the Family," it said "it should be a prime task of British diplomacy to convince Washington that boycotts of third parties in international trade are objectionable in principle and likely to be futile in practice.

"The Americans merely contrive to hurt their friends without hurting Castro," it said.

In sum, Britain is not crying "fool" at the U.S. stand, but it is loudly shouting "foolish."

FRENCH SEE AMERICA HURT MOST BY ACTION

PARIS, February 14.—American suppression of aid to countries whose ships or planes call in Cuba wasn't really meant to hurt anybody, France editorialists seem to have agreed tonight, but as a result of European resentment at the gesture, the one hurt may be America herself.

This country's most esteemed pair of radio commentators, Georges Altschuler and Georges Leroy, of Europe No. 1, agreed that on the practical plane no very important results were to be expected from an act which in an election year "is designed to impress American voters with the firmness of their President."

They pointed out how carefully the wind was being tempered to the shorn lamb by applying the measure only where it would cause no real damage, as in exempting agricultural aid to Yugoslavia.

But they predicted that Europe would not relish the decision's arrogant attitude of, "I pay, so I command." It is possible that the United States will receive her answer in the North Atlantic Treaty Organization.

The Catholic daily *La Croix* predicts that the reaction may wreck completely the Kennedy round of tariff negotiations, due to open soon in Geneva.

"At a time when the United States is developing her trade with the countries of the East," *Le Monde* writes, "such reprisals provoke sharp reactions. * * * We knew that American aid was not always disinterested. * * * This has just been confirmed."

DEFENSE FUEL POLICY NEEDS RE-APPRAISAL TO REFLECT ECONOMIC IMPACT ON COAL-PRODUCING AREAS

Mr. BYRD of West Virginia. Mr. President, yesterday introduced a lesson in how much can be accomplished when men who are sincere and conscientious of their responsibilities sit down informally around a conference table.

For more than a decade the coal industry has protested—justifiably, I believe—criteria used by the Department of

Defense to determine the feasibility of converting from coal to other fuels in boiler plants at military installations.

There has been considerable correspondence and discussion of the subject for a long time; yet, a firm solution has somehow previously failed to develop.

Recently I arranged for representatives of the National Coal Association, the United Mine Workers of America, and the National Coal Policy Conference to attend a meeting to which I also invited the Deputy Assistant Secretary of Defense for Properties and Supplies and members of his staff responsible for fuel policy determination. We met in the Senate Armed Services Preparedness Subcommittee room in an atmosphere wholly devoid of acrimony or even irritation despite the very emphatic conflict of opinions on a subject that is of vital importance to the coal industry.

It was my pleasure to introduce Stephen F. Dunn, president of the National Coal Association, to open the coal industry case. He in turn asked Mr. Glenn L. Coryell and Mr. Marc G. Bluth to outline coal's position on the matter, and then graciously complimented the Defense Department representatives for their traditional honesty in dealing with coal industry representatives. I shall ask unanimous consent to include in the RECORD at the conclusion of my remarks the statement presented by Mr. Bluth. Immediately after that statement, I should like to submit the remarks of W. A. (Tony) Boyle, president of UMW, who was ably represented at the meeting by Michael F. Widman, director of research and development for that organization. Mr. Widman introduced a note which should have the sympathy of the entire Congress. Mr. Widman showed conclusively that to permit conversions from coal to other fuels at military installations is in direct conflict with the President's plan to eliminate poverty from our land. Since the Appalachian region is particularly affected with the ravages of unemployment and accompanying poverty, it is all the more illogical for a Government facility to consider dispensing with coal at the expense of more miners and their families.

Gen. Louis H. Renfrow, director of legislation, National Coal Policy Conference, was present in the absence of Mr. Joseph Moody, president of that organization, and he made a substantial contribution to the discussion.

We found the Department of Defense officials most understanding of coal's problems. They agreed to reevaluate the policies which have tended against the use of coal. I personally believe that Mr. Boyle's suggestion that the economic impact on depressed areas be considered in Defense fuel purchases should be made a part of the policy of every Government department and office, for it is farcical to pursue a program under the guise of economy which in itself creates unemployment and increases burdens and costs of welfare and other agencies.

Yesterday we made a great step forward in resolving differences that had persisted for much too long. I would be remiss if I failed to point out that, as a

member of the Armed Services Committee, I was especially proud and appreciative of the cooperation which I received from the group of highly intelligent and conscientious members of the Defense Department who appeared at yesterday's meeting.

Mr. President, I now ask unanimous consent to include the statements of Mr. Boyle and Mr. Bluth at this point in the RECORD. There being no objection, the statements were ordered to be printed as follows:

STATEMENT BY W. A. BOYLE, PRESIDENT, UNITED MINE WORKERS OF AMERICA, ON THE IMPACT OF THE FUEL POLICY OF THE DEPARTMENT OF DEFENSE UPON EMPLOYMENT IN THE COAL INDUSTRY

Today, much attention is being given to the problem of the Appalachian area of this Nation. The plight of many of the people in this region has demanded attention, and the forces of government are being mobilized for this end.

The President of the United States has made the rehabilitation of Appalachia a national policy. A governmental commission under the leadership of the Under Secretary of Commerce is expected to issue a report on the Appalachian region within the next few weeks.

Many Government agencies are already at work to help the Appalachian region. The Department of Commerce has its Area Development Administration to help the depressed areas of the Nation to help themselves to greater prosperity. In the Department of Interior the Bureau of Mines and the Office of Coal Research are engaged in research activities to find new uses for coal, and thus to improve the market potential for the industry.

State governments are also attempting to do what can be done. The State of West Virginia has established coal research facilities at the University of West Virginia. The Commonwealth of Pennsylvania has a similar research agency, the Coal Research Board, which operates full time to develop the market potential for coal.

Fundamentally all of these diverse activities are aimed at one objective—the creation of jobs. For there can be no victory over poverty, no end to the substandard existence of so many of our citizens, no hope for their children without jobs.

Thus, in the final analysis we return always to jobs, to useful, productive, and secure employment.

This is what we should discuss here today. For, the purchase of coal by the Department of Defense means jobs; jobs for coal miners, and jobs for those who depend upon coal miners. The coal used in defense installations mean wages in coal areas, and a measure of prosperity for coal miners and their families.

We believe that the Department of Defense should recognize its responsibility in this area. We believe that the work being done to rehabilitate the depressed areas of this Nation, and most especially the coal areas, should be aided and not hindered by the fuels purchasing policy of the Department of Defense. We are convinced that Department policy should give consideration to the broad national picture, and not merely the narrow considerations of fuel costs alone.

Coal lies at the heart of the attempts to rehabilitate Appalachia. If coal is prosperous, the Appalachian area will also be prosperous. This is the reason for the many efforts on behalf of the coal industry by governmental agencies. This is why we urge the Department of Defense to consider the impact on coal when it purchases fuel.

We have made certain calculations on the effect that the purchases by the Defense Department have on the coal industry and the

coal miners. Remember that in the final analysis we are speaking of jobs and the people who depend upon them.

The Department of Defense purchases about 5 million tons of coal annually. We must ask what does this mean in terms of jobs, and economic impact upon the Appalachian area?

According to statistics compiled by the National Coal Policy Conference the production of 5 million tons of coal provides employment for 2,000 men. These men would support, if we assume that there are 4 in each family, an additional 6,000 people bringing us to a grand total of 8,000 people depending directly upon the coal purchases of the Defense Department.

If we assume that each of these men will work an average of 200 days per year, this means that the fulfillment of the requirements of the Department will require 400,000 working days per year. This means that wages for coal miners supplying coal to the Department of Defense total \$9,700,000.

But this is not the end of those wages. Economists tell us that money spent in the economy has a much broader impact than the actual dollar amount. This, if we apply a "multiplier" of three, it means that the total dollar effect to coal areas is \$29,100,000. Remember that we do not include any of the auxiliary industries such as rail transportation, etc., which would add greatly to the total.

In addition, the welfare and retirement fund of the United Mine Workers of America is of great benefit to the coal areas. This fund pays pensions, medical care, and other benefits to its beneficiaries. It is directly dependent upon the production and sale of coal for its revenue. The Defense Department purchases represent income to the fund of some \$2 million, which represents over 28,000 individual pension payments.

Thus, we may see that the effect of Defense procurement upon the coal industry, and upon coal miners is significant indeed. In fact, to us it means jobs for our members, and security for their families. To the depressed areas of the Appalachian region and to the other coalfields, it means the maintenance of an industry and income in the economic life of the communities involved.

We do not believe that this source of jobs and income should be overlooked by those who are charged with area development. Nor do we feel that the policy of the Defense Department should be other than the maintenance of its coal-fired installations as a contribution to the alleviation of human distress, and the preservation of jobs.

We may look at the significance of these purchases in another way. Defense Department coal consumption is more than the total production in 18 counties reporting in West Virginia, 5 counties in Virginia, 21 counties in Pennsylvania, 22 counties in Ohio, 37 counties in Kentucky, 10 counties in Indiana, and 12 in Illinois.

It is apparent that the impact of Defense purchases means a great deal to coal mining regions.

However, the use of coal by the Department of Defense is always under attack by other fuels. Very often conversions are made; conversions justified by cost figures derived from engineering analysis. In fact, such cost estimates are the reason we are here today.

We are not in a position to debate the various methods of computing fuel costs. However, we would like to pose a question of total costs, of human costs, of the cost that will accrue to the Nation because of the loss of a market of some 5 million tons of coal. We are assuming the maximum loss to permit an analysis of the impact upon coal areas.

Obviously the loss of 5 million tons of coal would mean the displacement of 2,000 coal miners, or the equivalent of 400,000

man-days of work. It would also mean the loss of \$9,700,000 in wages, and the multiplier effect of \$29,100,000. We might point out that in this instance, the loss of these wage payments would in all probability result in the loss of additional business as stores and businesses are forced to contract, and thus add to the cycle of unemployment.

Naturally, the money which would have gone to the welfare and retirement fund would be lost, thereby weakening the ability of the fund to provide for benefits for coal miners and their families.

Some 6,000 people in coal mining areas would lose their means of support, and be forced to endure unemployment of a more or less long duration. In this respect, we might point out that the duration of unemployment in coal mining areas is usually longer than the national average, and often extends for years unabated.

There are direct financial costs inherent in this unemployment. Consider only two of them:

Unemployment compensation is paid to those coal miners who are laid off. The extent of these payments and the length of time a beneficiary may receive them varies. For our purposes, we have assumed that the top payment is \$36 per week and the length of eligibility is 26 weeks.

This would mean that the loss of 2,000 jobs would entail a weekly unemployment insurance payment of \$70,000. And, if the men were forced to exhaust their benefits under the program, it would amount to an expenditure of some \$1,820,000.

This is one of the prices that would have to be paid for the loss of only one market for bituminous coal. It is a price which, we believe, should be considered by the Department of Defense, and all of the Government agencies who are contemplating the conversion of their facilities from coal to other sources of fuel.

We must assume that many of the miners who are out of work will eventually receive some type of public assistance. This, too, represents an immediate and direct cost to the Government, both State and Federal.

Under only one such public assistance program, the aid to families with dependent children, the average payment per family for the Nation as a whole is \$129 per month. Thus, for every month that the displaced miner receives such assistance the cost of the program is \$258,000. For every year that they are on such programs, the cost amounts to some \$3,196,000.

There are very real and tangible costs of unemployment. They are costs which must be borne by government. Further they are costs which go on and on; they are never really able to break what President Johnson calls "the cycle of poverty."

But there are other considerations which argue against the unemployment of men in coal-mining areas. Perhaps the greatest single one is the dedication of the administrator to do something to help these people. Perhaps America recognizes, at long last, the grave danger of persistent and chronic unemployment in our Nation, and the social and economic ills that spring from such unemployment.

We do not contend that the Department of Defense can eliminate poverty in the coal areas of the Nation. Nor do we believe that the 5 million tons of coal purchased by the Department will spell either prosperity or ruin for the coal miners in America.

But we do suggest in the strongest possible terms that these purchases can be used, and used quite effectively, in the fight against unemployment and in the efforts being undertaken to aid Appalachia. We do contend that the Defense Department coal consumption produces jobs and income to coal miners, and thus helps to maintain a semblance of economic order in the coal areas. We do contend that 5 million tons of

coal is a large and important part of the marketing structure of the coal industry.

On the other side the loss of this market, either all at once or a little at a time, would be damaging to the coal industry. It would be depressing to the already depressed Appalachian coal areas. It would add to the burdens of those men and women already staggering under the weight of poverty, want, and privation. Finally, it would serve to maintain the vicious cycle of poverty which condemns not only the present generation, but also those who follow, to the depths of economic despair.

Therefore, we urge a close consideration of all cost factors occasioned by conversion. We urge that those charged with the policy-making authority of the Department of Defense recognize the economic impact of their action upon coal-mining communities and upon coal miners and their families. We also would suggest that the Department of Defense recognize the key role that it can play in the preservation of the coal industry and in the maintenance of this industry as viable and strong; an indispensable asset to the reconstruction of Appalachia and, indeed, all other coal-producing sections of the Nation.

Finally, we would suggest that the cost of conversion is often a great deal more expensive than the use of coal even without any consideration of social factors, and certainly the inclusion of these factors should insure against conversion in most instances.

STATEMENT BY NATIONAL COAL ASSOCIATION ON CHARGING MILITARY LABOR AGAINST COST OF OPERATING COAL-FIRED HEATING PLANTS, AND PROPOSED CONVERSION OF HAND-FIRED COAL BURNING PLANTS AT FORT BRAGG, N.C.

A number of years ago a question arose about charging military (GI) labor against the operating cost of coal-fired heating plants at military installations. GI labor has been and is extensively used in hand-firing coal in small boilers, furnaces, and stoves, particularly in barracks buildings at many Army posts located in different parts of the country.

When this situation first came to our attention, we attempted to learn the source of a so-called directive to the various branches of the armed services. Our inquiries developed the information that this alleged directive or ruling had been issued by the Comptroller General's Office to the Department of Defense which was to the effect that all "nonorganizational or non-military" type of labor performed by GI's will be subject to a book charge and included in certain reports pertaining to the use of funds allocated to each installation. It was our understanding that the original purpose of this ruling was to prevent a given installation from reducing the final cost of a project, for which full funds had been authorized, for the use of GI labor. For example, \$200,000 may be authorized for the construction of streets at a given Army base. Apparently in the past the commanding officer or other duly authorized post official, could delegate the use of a number of GI's for certain labor work with the project and by doing so perhaps save a certain amount of money which he could use for some other purpose that had not been authorized or funded. Under this ruling or directive, there would be a bookkeeping charge against the project amounting to so much per hour for each man-hour of work by the GI's. The charge per hour—or labor rate—seems to vary and this apparently is due to the variation in the rating of the men (GI's) performing this service and perhaps some difference of opinion as to what so-called fringe benefits should be included in the charge.

At the time of our inquiries and contacts with the Comptroller General's Office and later, we did not see a copy of any written directive or ruling. Indeed, the information furnished us was nebulous and largely "hear-